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**HOW CAN PORTUGAL TELECOM EFFICIENTLY AND EFFECTIVELY  
ALIGN ITS SMS MARKETING EFFORTS TO PROVIDE A SEAMLESS  
EXPERIENCE THROUGHOUT THE CUSTOMER LIFE CYCLE?**

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**ABSTRACT:** SMS advertising is one form of mobile marketing that is considered dissimilar to other advertising channels due to its ubiquitous and personal nature. The scope of this project is to introduce a customer centric perspective to the SMS campaigns executed in Portugal Telecom by providing recommendations to overcome existing gaps between best and current practices. Through the use of internal in-depth interviews, an online survey and a documentary analysis, permission, frequency and content issues were identified as the main challenges. Thus, strategies to ensure the existence of an actionable subscription process and of customized, relevant and fresh contents were provided.

**KEYWORDS:** mobile advertising, SMS advertising, telecom, Portugal Telecom, MEO, customer life cycle.

## **BACKGROUND AND CONTEXT**

This field lab project was proposed by Professor Elizabete Cardoso in collaboration with Portugal Telecom (PT) and its main goal was to help the company find the best way to use and measure their direct marketing strategies concerning its Email and SMS campaigns. In this context, this project focused in understanding how PT's "Unidade de Transformação Digital e Online" department (UTDO) can efficiently and effectively align its Email and SMS marketing efforts to provide a seamless experience throughout the customer life cycle, thus introducing a customer centric perspective to this type of campaigns.

PT is a Portuguese company that operates in the telecommunications business, having a significant presence in several segments such as fixed and mobile communications, multimedia, data storage and business solutions. PT was founded in 1994 and resulted of a merge between three different public state owned operators that existed at the time ("Telefones de Lisboa e do Porto", "Telecom Portugal" and "Teledifusora de Portugal"). Until 1996, this company was owned by the Portuguese state – this year, a privatization process began that lasted for 16 years. Even though the Portuguese state only gave up of their last PT's shares in 2011 after several warnings of the European Commission, the capital of the company was almost totally in private hands since 2000. In 2013, PT and Oi (the largest telecommunications' company in Brazil) combined their businesses and merged their operations. More recently, in June 2015, PT became a totally owned subsidiary company of the Altice Group (a multinational telecom carrier in France, Belgium, Luxemburg and others). Since then, a huge restructuration has begun internally and its effects are still in motion today.

Thus, this report will focus on exploring the findings and providing recommendations concerning the SMS marketing campaigns currently performed by UTDO's sub-divisions (digital marketing, e-care and e-commerce). These will be analyzed within the scope of mobile phones, thus not considering other devices compatible with the SMS technology.

## **LITERATURE REVIEW**

### **SMS Advertising Foundations**

E-marketing is described as “achieving marketing objectives through applying digital technologies” (Chaffey, 2011) and it is considered a form of direct marketing – consists in connecting to targeted segments or individual consumers through a one-to-one and interactive communication (Kotler & Armstrong, 2013). Addressing each customer individually “is well established in marketing and plays a central role in Customer Relationship Management (CRM)” (Dickinger, Haghirian, Murphy, & Scharl, 2004). Digital technologies include a diverse set of digital means, being mobile marketing one form of e-marketing. It consists in “a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network” (MMA, 2011). Another different definition refers to mobile advertising as “using interactive wireless media to provide customer with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders” (Dickinger et al., 2004). Similarly to other forms of direct marketing, mobile advertising is usually divided in two different categories: the push and pull models (Barnes, 2002). On one hand, the push model consists in “sending or pushing advertising messages to consumers”. On the other hand, the pull model involves showing advertisement messages based on previously browsed contents by the target. This perspective comes in line with the permission-based marketing theory – practice in which the company has to obtain a consent from the customers before starts sending marketing messages (Im & Ha, 2013). The technology advancements in the mobile phone industry that occurred during the first half of the 2000s have created a new channel of mobile advertising – the SMS advertising (Muk & Babin, 2005; Xu, 2006). The short message service (SMS) is a confluence of protocols, standards, design and infrastructure that allows phone users to send and receive short alphanumerical messages of up to 160 characters from one mobile

device to another (Acker, 2014). In this context, SMS advertising “is a special form of mobile advertising that employs SMS” (Zhang & Mao, 2008) and “enables marketers to promote goods, services and ideas through personalized, context driven and relevant messages that are sent directly to individual consumers” (Amin, Amin, & Patel, 2011). Due to the limited amount of characters in a text message, SMS campaign managers face a huge challenge in creating interesting and relevant contents (Varnali, 2014). However, since the modern smartphones are already able to read and concatenate messages with more than 160 characters, this limitation is losing relevance. Nevertheless, given that there is no concrete information concerning the percentage of receivers in PT with this type of devices, a conservative approach will be adopted, thus assuming the existence of this limitation. In PT, SMS messages have always been sent to their customers – throughout the years, most of these were related to transactional interactions (e.g. pre-paid mobile phone recharge confirmation). However, for the first time in 2015, specific SMS campaigns have been sent to customers by the UTDO department – this was the first contact of the digital marketing, e-commerce and e-care teams with SMS advertising. Thus, these are currently in a learning process, trying to understand what the success drivers of these campaigns are, which actions are best practice in the area and, ultimately, what works for PT’s customers. In this context, it is key to understand the factors affecting SMS technology adoption and attitudes towards SMS advertising.

### **SMS Technology Adoption and Attitudes towards SMS Advertising**

The higher penetration and frequency of SMS usage shows the greater acceptance and familiarity with this technology (Amin et al., 2011). According to Euromonitor Statistics, 91% of the households in Portugal have a mobile phone and, thus, access to the SMS technology (Euromonitor International, 2015). To understand the usage motivations of a technology it is often followed the uses and gratifications theory. According to this, the consumer adopts a certain behavior towards a new media based on certain needs and gratifications and he assumes

an active position in choosing the media he pretends to use (Katz, 1959). This theory has been applied in explaining the usage motivations of the television (Lull, 1980; Rubin, 1984), telephone (Leung & Wei, 2000) and internet (Parker & Plank, 2000; Stafford & Stafford, 2001) technologies. However, it should be taken into account that “the nature of SMS technology is dissimilar to other media”, due to its ubiquitous, omnipresent and personal nature (Amin et al., 2011). Thus, an extension of the uses and gratifications theory applied to the wireless advertising technologies (such as SMS) was developed – it revealed that usage is mainly motivated by process (receiving SMS messages shapes how people structure their days and creates among them “mobile media rituals that are triggered by situations”, thus not requiring a fixed-location like in other media), socialization (messages sent by companies that “care about individual customer needs” are perceived by the recipients as “personal, informative and special”, making them often compare this communication with the one that occurs with family and friends) and content needs (customized messages seem to be strongly preferred by customers, giving relevance to mass customization and CRM strategies) (Peters, Amato & Hollenbeck, 2007). In this context, several other studies have been performed to analyze consumer attitudes towards SMS advertising. There is a “clear link between attitude and behavioral intention” in SMS advertising (Drossos, Giaglis, Vlachos, Zamani, & Lekakos, 2013) and these attitudes are commonly an indicator of the marketing effectiveness (Jun & Lee, 2007). As suggested by these authors, benefits such as entertainment and information make consumers perceive advertising more favorably. Furthermore, perceived ad credibility, message appeal, argument quality and product involvement were found to be other key factors affecting the consumers’ attitude towards SMS ads (Drossos et al., 2013). In this sense, these should “be perceived as an enjoyable and pleasant service”, interactive and relevant to the recipients (Amin et al., 2011). In a different line of study concerning mental imagery – representations created in a person’s mind –, it was found that SMS is more “effective in stimulating a large quantity

of imagery” in comparison to MMS (messages with images) since the absence of images makes the recipients assume an active role in forming mental ones to understand the statements (Gavilan, Avello, & Abril, 2014). However, it was also found that the quantity of mental imagery has no effect on purchase intention and ad trust – the main drivers are vivid and elaborate imagery, being this dimension better communicated through MMS.

### **Privacy and Permission Issues in SMS Advertising**

Other line of study follows the technology acceptance model (TAM) – this theory views “the end user mainly as a technology user” and modified versions of it have been applied to explain mobile and SMS advertising attitudes and behaviors (Varnali, 2014). In this context, the “very personal nature of mobile devices” has highlighted the importance of perceived intrusiveness among this type of advertising (Varnali, 2014). High frequency users of this technology want to be in control of the SMS advertising they receive (Amin et al., 2011) and may neglect SMS ads if they find them personally intrusive (Carroll, Barnes, Scornavacca, & Fletcher, 2007). Consumers’ control, permission and privacy related to unsolicited messages were considered the key factors that had the strongest negative influence on attitudes towards SMS advertising (Scharl, Dickinger, & Murphy, 2005). Thus, several other studies have been made concerning permission issues in SMS advertising. There seems to be a strong preference for mobile operators to be the media and permission owners (Siyavooshi, Sanayei, & Fathi, 2013). Hence, mobile carriers such as PT seem to have advantages in forming databases of subscribers, having a unique and prime position in performing SMS advertising. There are mainly three different reasons contributing to this reality: some subscriber information is easily collected by these companies due to the characteristics of its business (e.g. consumers’ mobile usage patterns); GPS technology allows these companies to determine the geographical position of its subscribers; and, as mentioned above, mobile subscribers prefer “their mobile operators for providing personal data” due to safety perceptions (Siyavooshi et al., 2013).

## **Importance of Metrics in SMS Advertising**

One key difference between the SMS sent by PT in the past and the new campaigns performed by the UTDO department is that for the first time these include a link that redirects the recipient to a landing page inside PT's website. Even though in the past some SMS campaigns have been performed, these were messages that incentivized the user to do an action through other channel (e.g. SMS informing the user that if he recharges the mobile phone with more than ten euros, he will get the double in the balance) or were campaigns publicized not only through SMS messages but also in a diverse set of online and offline channels. In both cases, it was impossible to measure the direct impact of the SMS messages. Hence, with the introduction of these links, it is possible for managers to use feasible metrics to measure performance. These are trackable links that besides helping PT understand what type of message is more effective in creating clicks, also allow the campaign managers to see what type of behaviors users have after entering in the landing page – this information is key to not only measure the current performance but also to improve future campaigns. However, the impact of using analytics in decision making seems to have contradictory findings in literature. On one side, there are studies discussing the lower probability of metrics in having a positive impact over the firm's performance (Franco-Santos & Bourne, 2005). On the other side, it is possible to find researches showing the positive impact of measurement in future marketing decisions (Mintz & Currim, 2013). These contradictory findings show the importance of collecting the proper data, creating feasible metrics and using them in an actionable and contextualized way. For instance, according to a survey conducted across 777 marketing executives around the world, one of the largest improvement opportunities in companies' digital activities is to implement "actionable metrics" (Leeflang, Verhoef, Dahlström, & Freundt, 2014).



## METHODOLOGY

To properly structure the problem and propose recommendations, it was key to gather quality information concerning PT's SMS campaigns and its future optimal direction. Note that this analysis should not focus only on the internal point-of-view, having a huge relevance the customer perceptions of these campaigns. Thus, diverse methods and data types have been used.

Firstly, **in-depth interviews** were conducted to key workers in PT's UTDO department responsible for the email and SMS marketing campaigns that were considered specialists in the area. The objective of these interviews was to get the internal perspective by obtaining insights regarding the PT's strategic intent and SMS campaigns formulation. Even though this method is often used for marketing research purposes, the guidelines suggested by Malhotra were adapted and applied to fulfill the internal interviews' objectives (Malhotra, 1999). The data collected was qualitative – since there were no measurable answers and the number of respondents was small, it was preferred over a quantitative approach. Also, there was no concrete motivation in concealing the purpose of the interview (direct approach) since the objective was not to analyze personal opinions or behaviors but rather get the workers' point-of-view and insights. The interview guide (**exhibit 1**) does not have a fixed and rigid structure – the objective is to engage in a conversational interview and to probe for additional information using follow-up questions. This type of approach was preferred over a focus group – it was possible to avoid that the positions of the interviewed employee were molded by the discussion that occurs in group (no social pressure to achieve group consensus) and to allow the workers to talk freely about the department interactions without compromising future workflows. Nevertheless, this method also presents some disadvantages since the answers can be affected by the interviewer and subjective data is harder to analyze.

Secondly, an **online survey** was conducted to understand the touchpoints used throughout the customer journey and to get the customers' perceptions of the email and SMS

marketing campaigns performed (overview in **exhibit 2**), thus having a descriptive scope. This survey consisted in a cross-sectional study and was elaborated in collaboration with PT's market studies department. Given the large number of answers required, a quantitative approach was preferred over a qualitative one – the fact that the user can only choose from a set of different answers reduces variability and facilitates the analysis. In addition, it was self-administrated – the survey was spread through social media and email (professional and personal networks). Even though these channels had the disadvantages of providing a low complete response rate and low answers' quality, they were easy to implement and reached a large set of diversified people without costs. In this context, a non-probability sampling was used since the sampling process did not involve random selection (check **exhibit 3** for sample characteristics). Still, given the large number of answers obtained and different set of people reached, potential constraints of having a non-probability sample were overcome. Thus, from 1322 respondents, a total of 913 complete answers were obtained (69% completion rate) during the second week of November 2015. In addition, a survey was preferred over other methods such as behavior observation since this would be time consuming, expensive and potentially biased by the observer. The analysis of the answers related to SMS campaign perceptions (questions 16 and 21) was confirmatory instead of exploratory – the objective was to use descriptive statistics, confirm hypothesis suggested by theory and to check for correlations. The data obtained from question 21 was in a likert scale – to perform the correlation analysis, the distance between categories was assumed to be perceived as equal, allowing us to convert the data into a quantitative scale (interval variables). Previous to the analysis, a Bartlett's test of sphericity was performed, confirming the existence of multicollinearity between variables (**exhibit 7**). In this context, a descriptive and correlation analysis was performed (for all operators and MEO) – the output was a set of descriptive statistics tables and correlation matrixes in which data was validated based on a 5% significance level (**exhibit 4, 5, 6 and 8**).

Thirdly, a **documentary analysis** was also performed. This included not only the use of internal PT's documents but also external data. Concerning internal documents, qualitative and quantitative data regarding the SMS campaigns performed by PT was analyzed. In this context, the essential styling guide was used to understand the existing qualitative message guidelines that mediate the contact with customers. In addition, a non-systematic collection of SMS ads provided by the UTDO's sub-divisions was used. The SMS database obtained was very limited – it included six different types of messages sent by the e-care department. In addition, KPIs were only available in two of these campaigns. These SMS types were also grouped by phase of the customer journey and category (promotional, informative or transactional) and were characterized based on its scope and objective, target information, process information, template and integration with other systems. Concerning the SMS sent by the digital marketing and e-commerce departments, the information available was a general overview of the campaigns performed, thus not including any specific characteristics of the messages. Regarding the external data, scientific articles and secondary data were used to provide guidance on the future optimal path that the SMS campaigns should follow. Note that since SMS marketing is a recent field of study associated to a mainly practical and very fast changing environment, several strategies and tactics that worked great in producing results recently are now out of date. Usually, scientific research tends not to incorporate these new practices as fast as secondary data does, making the second one assume a key role in this project. In this context, based on qualitative and quantitative data explored in both these sources and on insights gathered in the in-depth interviews and survey, the present situation was examined (AS IS). Hence, by confronting the current practices with a set of best practices collected, it was possible to perform a gap analysis to assess the PT's enforcement of those practices and, ultimately, give recommendations to overcome eventual deviations (GO TO).

## DISCUSSION OF RESULTS

### AS IS

As mentioned before, the scope of this project consists in improving the current SMS marketing campaigns performed by PT's UTDO department in providing a seamless experience throughout the **customer life cycle (CLC)**. In this context, it is key to start by defining the phases of the CLC and understand how the different digital touchpoints (in particular the SMS) interact with PT's customers during this journey. Hence, the consumer decision journey proposed by McKinsey & Company was used as a framework (Court, Elzinga, Mulder, & Vetvik, 2009) and six different phases were defined. The journey begins in the moment the person becomes aware that has a need (**awareness phase**) – this need may emerge from external event triggers (e.g. company's awareness campaigns) or internal realizations. Henceforward, the person enters in the consideration phase when searching for the most appropriate solution to effectively solve the need – to do so, the person searches for information, gathering a list of potential solutions and brand offers. After that, it is time to search for more concrete specifications of the offers and rank the different solutions (**evaluate phase**) – this will lead the person to a final buying decision (**purchase phase**). After the transaction occurs, the consumer starts experiencing the product or service (**post-purchase phase**) – any doubt, concern or complaint that leads the customer to engage in a contact with the company is included in this phase. Thus, the relationship between the company and the customer starts growing (**loyalty and advocacy phase**) – at this point, he might share his experience with friends and family. Note that this is not a linear but rather a circular journey – it is created a loyalty loop through which the customer may influence other potential customers' purchasing decisions and that may lead to up-sell and cross-sell among that specific customer. A schematic representation of this journey can be found on **exhibit 9**. For further detail on the phases consult **exhibit 10**.

Throughout this journey in PT, several digital communication channels are used in different phases – for instance, the customer has contact with UTDO’s SMS messages in almost all phases of the journey, revealing the relevance of this type of communication (**exhibit 11**). Before diving into assessing current PT’s SMS marketing campaigns, it is key to understand the **SMS journey** from the moment the message is sent by PT till the recipient interacts with it (schematic representation on **exhibit 12**). To understand the path of the message it is crucial to think of the process as a funnel – not all messages initially sent by the company will be received, opened and clicked by all recipients, showing the existence of deviations along the way. The journey begins in the moment the SMS is sent by PT (**deliver phase**) – part of these messages may not be received by the targeted user, thus revealing the existence of deliverability issues. In this context, bouncers may be referred to as messages sent that were not delivered in the recipients’ inbox. There are two types of bounces. On one hand, the hard bounces are messages not delivered due to permanent reasons – having an invalid phone number in the database might be a reason for delivery failure. On the other hand, the soft bounces correspond to messages that were not delivered due to temporary issues – this might occur if the recipient has no empty storage space in his mobile phone, if the message is too long or if there are temporary problems with the mobile network. Note that these deliverability issues tend to be residual and rarely occur. After the message is received, it is time for the user to open it (**open phase**) – in this context, the sender and the message preview play an important role. Nevertheless, given the personal and direct dimension of this type of communication, the open rates in these campaigns are usually high. Thus, most of the deviations occur after the recipient opens the SMS (**click phase**) – the message content, relevance, interactivity and delivery time assume a key role to the campaign’s success. As mentioned before, PT’s messages typically include a trackable link through which the user is redirected to a landing page inside PT’s website. This is a Bitly shortened link that is connected with Google Analytics and allows campaign managers to

measure the clicks and the user behavior after entering in the landing page. Thus, most of the KPIs use the data provided by these links – essentially, each campaign manager establishes his own campaign indicators based on past experience and these are usually underdeveloped. Note that all the data consumption associated with opening the link is not charged to the user if he is using a PT's mobile service. According to a PT's employee, "the customers do not know if they are going to spend their own data when accessing the landing page, thus ending up not clicking in the link to enter in the website". Hence, this benefit is under communicated.

Overall, the SMS messages sent by PT's UTDO department are considered application to person (A2P) and mobile terminated (MT) – the messages sent have origin in an external messaging platform (it is used the Soni platform). Currently, there is no integration of the SMS campaigns with other internal systems, such is the case of the CRM platform used in PT. As mentioned before, there are three different categories of messages sent – informational, promotional and transactional. Firstly, informational messages are essentially marketing messages sent to customers to notify them of a certain information, usually concerning company wise info (e.g. PT's event) or specific customer benefits (e.g. functionalities of the online client area). Secondly, promotional SMSs are marketing messages sent with the intent of selling a product or service to the recipient by pushing specific promotions and discounts. Thirdly, transactional messages, as mentioned before, are the ones related to typical interactions that occur in the telecommunications business, such as pre-paid mobile phone recharge operations. This analysis will focus essentially in the first two types. In addition, it is important to mention that according to PT's contact policy a customer can only receive two contacts per week being one of them promotional (this is renewed every Monday). Currently, there are SMS campaigns being formulated in all three sub-divisions (digital marketing, e-care and e-commerce) of the UTDO department. Concerning the ones sent from the digital marketing and e-commerce teams, these are often SMS inserted in large marketing campaigns conducted by these

departments in collaboration with the product management teams. These campaigns include both informational and promotional messages and have essentially two different targets. Firstly, these are sent to databases of current PT's customers that allowed the company to send commercial contents. However, there is not an easy and actionable way for them to unsubscribe from receiving this type of contents, which may harm the customer experience. For instance, there is a check box in the online client area to opt-out of these campaigns – still, its location is not intuitive and most customers are not aware of its existence. Secondly, these messages are also sent through MEO Promo Spot – a service provided by PT to other companies that allows them to send SMS messages to databases of users interested in that specific type of contents (includes both PT's and other carriers' customers). Thus, PT also leverages this channel by using Promo Spot's databases to publicize their own campaigns. In this service, the users that chose to receive these contents have access to an unsubscription page to exit the database. Depending on the receiver, the sender address may be labeled as “MEO” or “MEOPromo”. The timing of the messages sent by these two departments also varies depending on the campaign. Regarding the ones sent by the e-care department, these are usually informative messages to remind the customers that they have access to certain info through their online client area – these messages are often triggered by certain customer behaviors. These campaigns come in line with the push-to-digital strategic intent of PT – according to an interviewed worker, “our intent is to diminish the number of customers that use our call centers and physical stores. Nowadays, we have been implementing some measures regarding customers that use an offline touchpoint to push them to digital ones – these are called reactivation campaigns”. In addition, the sender used is always labeled as “MEO” and the messages are sent from 10 to 10:30 and 19 to 22 hours during business days, depending on the specific campaign performed.

All PT's contact with customers follows three essential principles – harmonization (image of unity), humanization (personal relationship with the customer) and simplicity. Thus,

there are several guidelines when communicating with them. Firstly, it is recommended to use the first person plural (“we”), active voice and pronouns and determinants. Secondly, the messages should use short words, avoid generalization and professional jargons and have one key idea per paragraph, revealing the most important information at the beginning. Note that the 160 character limit of SMS messages creates additional challenges in communicating – thus, there are specific SMS formulation guidelines. Firstly, the product, service or campaign should be clearly identified in the beginning and the message body should be objective and direct. Secondly, these messages should not be customized nor include a greeting formula due to space constraints. Thirdly, an availability formula and a farewell element should only be included if there is enough space available. Thus, given the personal dimension of mobile phones, some of these rules seem inadequate since they do not take into account the customer position in his journey – a confrontation with what is considered best practice is required.

According to the survey performed (**exhibit 4**), 49% of the respondents that are PT’s customers revealed that they have contact with PT’s SMS messages. However, only 48,4% of those agreed that these messages have the right frequency and merely 27% considered that these messages have relevant offers (**exhibit 5**). This value is significantly smaller in comparison to the ones of NOS and Vodafone (**exhibit 6**), revealing improvement opportunities.

## **GO TO**

To properly define the optimal future path of PT’s SMS marketing messages, a set of best practices will now be explored. Based on the current enforcement of those practices, recommendations (numbered with the prefix SA) will be provided.

Before start sending any SMS messages, it is key to have explicit **consent from customers** that they pretend to receive this type of contents from the company (Mblox, 2014; MMA, 2014). As mentioned before, the mobile phone is considered to be in the personal sphere of the user and advertising through this channel raises several privacy and permission issues.



Thus, more than in other advertising channels, having permission to start sending messages to the recipients is key. It is very important not to be intrusive and to earn the consumers' trust by showing respect for their privacy and data safety. Therefore, it is key not to use purchased lists of phone numbers – it is very likely that the company will end up being penalized by the customers for doing so (Mblox, 2014; Mogreet, 2013). In the case of PT, this is not a big challenge – from the moment the customer contracts a PT's service, he accepts (or not) to receive this type of campaigns. Also, in the Promo Spot's databases, the recipients explicitly opted-in into receiving contents through the SMS channel. Also, as mentioned before, people tend to trust their telecommunications' carriers to be the operators and permission owners of their data – this places PT in a privileged position to conduct this type of campaigns. In addition to obtaining the explicit consent, recipients must always have the opportunity to **opt-out of receiving these contents** if they wish to (Kocsis, 2010; MMA, 2014). As mentioned before, there are several problems in the current unsubscription tools of PT. On one hand, these are not very accessible in the online client area due to not being intuitively positioned and most customers are not aware of its existence (this option is under communicated). On the other hand, users should have access to a direct unsubscription mechanism through the SMS channel. In this context, it is often used a tool in which if the recipient answers a certain word to the sender, he is excluded from the database and no longer receives SMS contents. Thus, keywords such as “Parar”, “Desistir”, “Cancelar” and “Sair” are often used to unsubscribe (Mblox, 2014) and this mechanism should be implemented by PT (**SA1**). Also, the check box that allows users to stop receiving these contents should be repositioned inside the online client area – it is recommended to create a new preference center section in which the user would have direct access to this option (**SA2 – exhibit 13**). In addition, it is considered a good practice to include in the first SMS sent to the user information on how to unsubscribe (Mblox, 2014; Mogreet, 2013) – in this message, PT should inform its customers that they can opt-out through the two

mechanisms mentioned above (**SA3**). Note that this first message might be a unique opportunity to communicate other additional benefits associated with the messages sent. In this sense, another key best practice is to explicitly inform the customers of the **message and data consumption rates** that may apply (Kocsis, 2010; Mblox, 2014). For instance, as mentioned above, all the internet consumptions rates in accessing the landing page of the link in PT's messages are not charged to the customer – this information should be included in this SMS, thus exposing the “rules of the game” from the beginning (**SA4**). Moreover, it is common to include a **keyword “Ajuda”** through which the recipients can clarify any doubt regarding the SMS messages. By sending this word to the sender's address, users are able to have access to a list of different commands available and to obtain other information (both opt-out and data consumption rates). Thus, it is recommended for PT to implement this functionality (**SA5**).

When sending advertising messages to customers one important factor to consider is the **sender**. Usually companies send their marketing messages through a short code (a virtual mobile phone number with a small number of characters). One best practice is to label the sender since the customer may not recognize the number itself (Kocsis, 2010) – this will allow the receiver to easily identify who is sending the message. Note that sometimes it is not possible to use a name in the sender, becoming a key practice to label the message content (identify the company in the first words of the message). In PT, all messages analyzed had the sender “MEO” or “MEOPromo”, thus revealing the appropriate enforcement of this practice. Nevertheless, PT should be careful when sending messages to contacts that are both PT's customers and subscribers of the Promo Spot service – sending a specific message to the same receiver through two different senders may create confusion and it is very likely to harm the relationship with the customer. Thus, in these cases, it is recommended that the messages sent with the label “MEO” gain relevance over the ones “MEOPromo” (**SA6**) – this way, it is easier for the recipient to identify the sender and separate PT's messages from the ones of other companies.

Another key issue is the time of the day and the frequency of the SMS messages sent. Even though there is not a specific better **time of the day** to send the messages, there are some factors that should be considered (Mogreet, 2013). Firstly, Mondays have the lowest response rate of all week days. This might be due to the fact that people are saturated of all the advertising contents received during the weekend, such is the case of television commercials. Secondly, rush hours should be avoided – during these, people often cannot interact with the message sent. Thirdly, the communication should respect the privacy of the customer. Thus, sending messages too early in the morning and too late at night should be avoided – these are periods in which people do not want to be bothered. Fourthly, the content of the message should be taken into account – for instance, if a promotion that will occur on a specific day is advertised, it is important to send the message in an adequate time frame. Given the limited amount of data concerning the messages sent by the digital marketing and e-commerce departments, the practices mentioned above are only going to be confronted with the SMS initiatives of the e-care team. Thus, the messages sent by this department seem to be in compliance with most of the rules mentioned above – those are not sent too early in the morning, neither too late in the evening and are often triggered by a behavior, thus taking into account the message content. Nevertheless, it is recommended to avoid sending messages during Mondays and rushing hours (**SA7**). Regarding the **frequency**, it is important not to push too many messages to the recipients – once again, the personal sphere of the mobile phone justifies the conservative approach that companies should have when deciding the message frequency (Kocsis, 2010). If possible, companies should allow customers to decide how often they pretend to receive SMS communications – PT's customers should have access to a preference center (similar to the one available for Promo Spot users) in which they could choose the maximum frequency they are willing to receive SMS messages (**SA8 – exhibit 13**). Note that in PT there is not a fixed frequency for these messages – this decision is discretionary based on marketing campaigns

formulation and in triggering events. Nevertheless, these messages should always respect the contact policy mentioned above (two contacts per week, being only one promotional). It is suggested that the key issue is to find the right balance between frequency and **content relevance** (Mblox, 2014; MMA, 2014) – the company should only increase frequency if there are relevant contents to communicate. Based on this, two different relations have been formulated and confronted with the survey results. Firstly, recipients that find the message contents relevant also consider to receive them in the right frequency. Secondly, recipients that find the message contents relevant consider that it allows them to maintain a good relationship with the brand. By analyzing **exhibit 8**, the survey data suggests the existence of these correlations (both for all telecom carriers and for MEO), being both of them statistically significant (significance level of 5%). In this context, it is crucial that the messages are relevant to customers and consistent with their lifestyles. If the customer receives a message that he considers irrelevant or at an inadequate moment, it is very likely that he will end up neglecting it and, in extreme cases, may lead to resentment and generate a negative attitude towards the brand. Note that it is preferable to address a smaller amount of interested customers than a large number of indifferent ones (MMA, 2014). As mentioned before, only 27% of the respondents that received PT's SMS messages agreed that the contents are relevant. Thus, PT should implement new strategies to find which contents are relevant to its customers – allowing each user to choose its areas of interest in the preference center might be a good mechanism to assure that the contents are considered relevant by the recipients (**SA9 – exhibit 13**).

Another best practice is to keep the **message content** simple by avoiding complicated words and elaborate sentences (Kocsis, 2010; Mblox, 2014). Note that the campaign manager only has 160 characters to cause the most impact possible and some of them are often lost to include the link. In PT, as mentioned before, the SMS guidelines are in compliance with this practice – it is recommended to use short words and avoid professional jargons. In addition,

SMS ads that use strong arguments were found to have more impact in the attitudes towards the brand (hence, affecting the purchase intentions) (Drossos et al., 2013) – thus, using messages built around a strong story to which the recipient can relate is a good strategy to increase the campaign success (MMA, 2014).

Other key practice is to include simple and direct **calls to action** (CTA) through which the recipients can easily understand what the offer is about (Kocsis, 2010; MMA, 2014). Also, the process of accepting the offer and following the call to action must be simple and do not include unnecessary steps. In PT, the CTA differs depending on each specific campaign (for instance, it may be “Descarregue já e utilize gratis em [link]” or “Registe-se já em [link]”). Nevertheless, most campaigns include these CTA, thus being in compliance with this practice. Also, it is key that other channels fully integrate with the messages sent (MMA, 2014) – in the case of PT, the SMS redirect the users to the website. Thus, it is important that these two channels are coordinated, being only possible to have a successful campaign if this **multi-channel integration** seamlessly occurs. Since the users interact with SMS messages through their mobile phones, it is key that the landing page is mobile responsive – this means that it adapts itself to the screen size it is being displayed on. PT’s websites (MEO and PT Empresas) are mobile friendly and most pages display properly on a mobile phone. Nevertheless, there is still room from improvement since some pages have animations that do not run smoothly on mobile devices while others require a horizontal scroll to read all page contents.

In addition, it is key to engage in a conversation with customers (MMA, 2014). As mentioned above, the mobile phone is considered one of the most personal marketing channels and advertising through it allows companies to send **individualized and personalized messages** to the recipients (MMA, 2014) – by having a customized approach, companies are able to increase the conversion rates of their campaigns. Hence, according to PT’s SMS campaign guidelines, this practice is not being enforced. Moreover, according to those, the

messages' content should not be personalized due to space constraints and a greeting formula should not be included – this means that the current SMS messages sent by PT are the same to all recipients. Thus, it is recommended for PT to adopt a customized approach when communicating through this channel (**SA10**). Note that most SMS campaigns are performed to recipients after the purchase phase, meaning that PT has personal data on these users. Hence, including the customer's name in a greeting formula on the message (e.g. "Caro [Nome]") is a good strategy to follow. Even though this practice will consume part of the limited characters in the message, it is very likely to generate a positive impact in the campaign performance.

When the campaign objective is to **convert into sales** (both for new customers or cross-sell/up-sell, thus referring to the consider and evaluate phases of the CLC), ads with incentives that present a good perceived value for money offer lead to a more positive attitude towards the ad and the advertised brand in comparison to the ones without any reward, ultimately increasing the purchase intention of the recipient (Drossos et al., 2013). Thus, including rewards, such as making the recipient believe that he has exclusive access to an offer (use of a unique coupon code) or creating time-limited offers, may lead to higher conversion rates in comparison to the ones obtained through simple informative ads. Also, people usually prefer not to lose something rather than gaining something – the use of loss aversion sentences tends to work well in creating higher conversion rates. Thus, it is recommended for PT to use these strategies (**SA11**).

Note that most of the customers in the loyalty and advocacy phase regularly receive marketing contents from PT through different channels. Hence, it is key to have **fresh contents** and avoid being boring and repetitive when communicating (MMA, 2014). Also, it is important to provide **innovative ways to interact** with the messages – it is crucial that the experience of the user is improved over time. In this context, interactive elements of an SMS ad were found to be positively related with the attitudes towards the advertised brand, thus affecting the purchase intentions (Drossos et al., 2013). One key example of these new elements are the

instant messaging applications, such as the Facebook Messenger for Business. PT should always be aware of these new technologies and use innovative ways to communicate (**SA12**).

To provide the best possible experience to the recipients, it is important that this type of campaigns is connected to a CRM platform – by doing so, the campaign manager is able to have a holistic view of the customer and understand the individual customer needs (MMA, 2014). This **integration between platforms** gains relevance when the campaign manager wants to communicate customized contents to the recipients. In PT, the SMS campaigns analyzed were not integrated with the internal CRM system. Thus, it is recommended to integrate these campaigns with it (**SA13**) – this way, campaign managers will have a reliable data source of the characteristics, needs, areas of interest and other customer information that will allow them to create adequate and relevant customized marketing messages.

It is very important to previously define the **campaign objectives and pretended outcomes** (e.g. customer acquisition, customer retention, cross-sell or up-sell). If this is done, measuring the campaign results will become a much more accurate and feasible task (MMA, 2014). In addition, the mobile marketing advertising channels typically provide a very good and complete set of data that allows campaign managers to have access to excellent **campaign metrics**. In PT, as previously mentioned, these metrics are often defined based on each campaign manager experience. Even though this flexibility is required (**SA14**) (each campaign has its own objectives, thus requiring to have the adequate KPIs to keep track of its performance), it is recommended to always keep track of indicators relative to the different steps of the SMS journey (**SA15**). As already mentioned, the deviations that occur during this journey in the delivery and opening phases are residual. Nevertheless, campaign managers should always measure these two steps since temporary issues may occur and deeply affect the campaign performance. Thus, PT should use the following metrics. Firstly, it is recommend to compute a deliverability rate through the division of the number of messages delivered in the

recipients' inbox by the number of messages sent. Secondly, the unique open rate should be measured – this can be calculated by dividing the number of messages opened (unique) by the number of messages delivered. Note that all the data required to compute these metrics should be available through the SMS messaging platform used (Soni). Also, being PT the telecom operator responsible for managing the mobile network, they have access to this information. In addition, it is also key to measure the behavior of the customer after opening the message (step with most deviations). Thus, it is recommended for PT to use a unique click-to-open indicator – this can be computed by dividing the number of unique clicks in the link by the number of unique message opens. Even though it is not possible to define a target for this KPI, it is recommended to compare it over time with similar campaigns (trend analysis).

Overall, the unique way to properly understand what works for PT's customers and recipients of the SMS messages is to continuously **test different combinations of elements** (MMA, 2014). This is often done through A/B testing (Kohavi & Longbotham, 2015) – in this experimental setup, the default message (control or A version) is confronted with the message that has one modified element to be tested, such as CTA, value proposition or even delivery time (treatment or B version). This is done by searching for significant statistical differences between the recipients' response in the control and the treatment group. If the campaign is underperforming, using this method is a good mechanism to find what is failing and, ultimately, improve the campaign. This flexibility is one big advantage of SMS advertising over other traditional channels – for instance, while changing a SMS message is relatively easy and costless, the same does not apply for a TV commercial or for an outdoor. In PT, A/B tests are often performed. Note that these tests should be done even when the campaign is running as expected – there might be several improvement opportunities that can be highlighted and trends concerning customers' interests that might be anticipated.

**A summary of all best practices and recommendations** can be found on **exhibit 14**.



## **LIMITATIONS AND FUTURE RESEARCH**

During the execution of this project several factors limited the extent of the analysis performed. Firstly, as mentioned before, the only information available concerning SMS campaigns executed by the UTDO department was relative to the messages sent by the e-care team. Thus, only having a general overview of the other marketing campaigns limited the assessment of the current situation and limited the recommendations provided. Also, the information available was not systematized and was very limited in certain aspects such is the case of KPIs. Secondly, the internal context of the company (as mentioned before, going through a restructuration) created additional challenges – the lack of coordination between teams and the internal changing environment was an obstacle in obtaining relevant information in the adequate time frame. Thirdly, as mentioned in the best practices, it is key to test different elements in the messages sent – not having the opportunity to experiment different versions of the messages among PT's customers (A/B testing) limited the ability to understand what truly works for them. Fourthly, given the difficulty in reaching PT Empresas' customers, providing specific recommendations for this segment became a difficult task, thus driving this project to focus on the consumer one. Fifthly, this project started in the beginning of October, one month after the initial projection. This shorter time frame limited the scope of the project.

In addition, there are several other themes that should be explored in the future. Firstly, it would be relevant to furtherly understand who are PT's customers (both for consumer and business segments) and based on each specific profile provide deeper and differentiated recommendations. Secondly, testing different combinations of the practices mentioned above should be done in the future. Thirdly, a constant update of the best practices is required. As mentioned before, what works today in creating engagement and leading to sales might not work in the future – customer expectations, preferences and available technologies modify very fast and it is key to keep up with those changes.

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